

**Class Mobilization, Decentralization and Redistribution:
Exploring Territorial and Distributive Coalitions in Britain and Spain**

Jonathan Hopkin
Department of Government
London School of Economics and Political Science
Houghton Street
London WC2A 2AE

J.R.Hopkin@lse.ac.uk

Abstract

How does decentralization affect the mobilization of socio-economic interests? The last two decades have seen extensive decentralization in two large European states with high levels of inequality, both across socio-economic groups and across territories: the UK and Spain. This paper will assess the extent to which decentralization undermines mobilization of redistributive coalitions across territories or reinforces mobilization around territorial redistribution. The focus is on party political strategies, as an indication of how redistributive coalitions develop, in the context of electoral institutions and the territorial shape of the state. With decentralization, we expect to see left parties challenged by territorial parties pressing for redistribution on identity and territorial lines rather than class lines. However other institutions can counteract this effect by mobilizing for redistribution along socio-economic lines cross-cutting territory. The paper addresses this question by means of a small n comparative analysis, which assesses how electoral and territorial institutions shape the mobilization strategies of left parties in Britain and Spain.

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Introduction

There is by now a good deal of research about the relationship between political institutions and redistributive politics. Much of this research has focused on types of electoral systems, an obviously important variable in determining how political power is distributed between social groups (Persson and Tabellini 2000, Iversen and Soskice 2006). Other work has looked at broad configurations of institutions, distinguishing between majoritarian and consensus patterns of policy-making (Lijphart 1984, 1999, Birchfield and Crepaz 1998). Relatively less attention has been paid to the relationship between the territorial distribution of political power and redistributive outcomes, but the existing literature suggests that more decentralized states tend to have weaker redistributive institutions and higher inequality (Beramendi 2007), and there is evidence that more federal systems have been more likely to reduce welfare provision under pressure from globalization (Swank 2002).

One of the main problems with this broad approach to understanding the relationship between institutions and redistribution is the high probability of endogeneity. For example, Iversen and Soskice's research on the impact of historically rooted institutions of social and economic cooperation (2009) provide an explanation of both the adoption of proportional electoral rules and the adoption of redistributive institutions. This suggests their earlier work on the role of electoral institutions (2006) in promoting redistribution drew on a spurious correlation. This endogeneity is also present to a degree in studies of federalism and redistribution, as existing inequalities shape the institutional design chosen, which then has feedback effects on inequalities (Beramendi 2007). Simple equations of decentralization with inequalities and centralization with redistribution, are too crude to capture the complexities of this relationship.

Our contribution to the discussion makes two contributions. The first is to integrate the literature on electoral systems and redistribution with the research on redistribution and the territorial structure of the state. By combining these two the aim is to provide a more rounded theoretical account of the ways in which political actors mobilize support for different redistributive policies. The second is to study cases where decentralization has taken place relatively

recently, within the framework of a unitary state. This introduces variation over time which can disentangle the effects of territorial and electoral institutions. The paper will illustrate the usefulness of this approach with some empirical analysis of the change patterns of party competition in two decentralizing states: Britain and Spain.

Institutions, Redistribution, Inequality

The study of the development of redistributive institutions in western democracies is an advanced sub-field of comparative politics and has produced many compelling research findings. However it also poses a number of intractable difficulties familiar to scholars in the comparative politics tradition: a high degree of collinearity of key variables, and a small number of observations. What have we understood so far?

Arend Lijphart has written extensively about the difference between 'majoritarian' and 'consensus' democracy (also Lijphart and Crepaz 1991, Birchfield and Crepaz 1998). Majoritarian democracies tend to elect representatives in single member districts, so that the 'winner takes all' and large parties are over-represented at the expense of small ones. In consensus democracies, elections are governed by the principles of PR: small parties are able to win seats in parliament, and large parties are denied inflated majorities, and forced to seek alliances in order to form government coalitions. Electoral systems are part of a broader collection of institutions, including either federalism or decentralization of policy competences, which push political systems in a particular direction: majoritarian institutions concentrate power around the representatives of the most powerful groups, while consensus institutions disperse it, allowing minorities the chance to influence, or even veto, policy decisions. As a result, consensus democracy produces 'kinder, gentler' policy outcomes, including greater redistribution from the wealthy to the poor. Although this means that all groups, not just the poor, are able to push for policies favourable to their interests, a more inclusive system is obviously to the benefit of the most vulnerable social groups since they are least able to defend their interests in more competitive institutional environments.

The key to the 'consensus democracy' account of redistribution is access: 'since consensual political institutions allow wider access, more minority groups will use the political process for social amelioration by pushing for 'welfarist' policies, thereby reducing income inequalities' (Birchfield and Crepaz 1998: 180). This follows a similar logic to the 'veto points' approach, which identifies institutional opportunities for groups to block policies that they perceive to be against their interests. However, the notion of 'veto points', at least as applied to the United States, has very often served to explain how redistributive policies in favour of the poor can be blocked by powerful, narrow interests (the recent Obama healthcare reform providing a primer in such dynamics). The diffusion of power implicit in consensus democracy is not automatically therefore favourable to redistribution and lower inequality, and attention needs to be focused on how social interests work within these institutional constraints, and which institutional features have direct effects for inequality.

Although some institutions have ambiguous effects on inequality, the literature has identified a pretty clear negative correlation between majoritarian or plurality electoral systems and redistributive welfare states (Persson and Tabellini 2003, Alesina and Glaeser 2004, Iversen and Soskice 2006). So, in countries like the UK, US, Canada and (formerly) New Zealand, majoritarian electoral rules have been associated with the kinds of hardline neoliberal policies of Thatcher, Reagan and others, whereas in continental Europe, home of the 'social market economy', forms of proportional representation are the norm. Although there are exceptions - Ireland has PR and little redistribution, France has a two-round majoritarian system and an extensive welfare state - the pattern over the post-war period is fairly clear. What is more, the electoral systems literature does have clear implications for the possibilities of different kinds of social interests organizing successfully to pursue redistributive policies. The next section looks at one particular theory explaining the association between proportional electoral rules and redistribution, and explores how this theory could contribute to our understanding of the relationship between states' territorial structure and inequality.

Electoral Rules, Class Mobilization, Redistribution

The link between majoritarian electoral rules and inequality is empirically quite strong, but theoretically hard to fathom. The main difficulty is that the most simple model of redistribution in democracy – the Meltzer/Richard model (1981) - is quite consistent with majoritarianism. Meltzer/Richard shows that under conditions of income inequality the median voter is always poorer than the mean, and therefore will vote for redistribution. Interestingly, this model connects neatly with the Downsian model of one-dimensional competition, which assumes a two-party system and implicitly majoritarian rules, and prizes the median voter. The theoretically consistent prediction is therefore that parties in majoritarian, two-party systems would converge around median voters' preference for redistribution. In practice, however, majoritarian rules are associated empirically with higher inequality, suggesting that they do not translate into median voter demand for redistribution.

Table One shows some data relevant to the relationship between redistribution (crudely measured as post-tax Gini coefficients) and the electoral system, both as a dummy variable (majoritarian or PR) and as an interval variable (district magnitude). The most obvious point to emerge from this collection of information is that there is an association between post-tax inequality and majoritarian rules: all the most egalitarian countries have some form of PR (the countries are listed in ascending order of income inequality), and several of the most unequal countries have majoritarian electoral systems¹. The other data suggests this relationship is not directly causal: the most egalitarian countries are also mostly the smallest ones, so controlling for population the association of electoral rules with inequality is weaker. Iversen and Soskice find (2006) that PR is associated with a higher percentage of left governments than in majoritarian systems, which also supports a skeptical reading of Meltzer and Richard in its simplest form; since left governments would be expected to have some appeal for median voters in inequal societies, majoritarian systems should either favour left parties, or encourage right parties to adopt redistributive policies. Instead, both these outcomes are more likely under PR.

Iversen and Soskice develop a model of the effects of electoral systems on the incentives facing different political parties in order to interpret this apparent pro-redistribution effect of PR. Their model draws on the political economics literature (Persson and Tabellini 1999, Acemoglu and Robinson 2005) to assume three broad social groups - the high income (H) (M), middle income, and low income groups (L) - of equal size. Any two income groups together form a majority, and L and M share a joint interest in confiscating part of the wealth of the H, and sharing the proceeds amongst themselves through progressive taxation and redistribution (in other words, the welfare state). This is the Meltzer/Richard model restated. But this does not always happen, particularly in countries which have majoritarian electoral rules. Why? Iversen and Soskice's answer revolves around the effect of electoral rules on platform commitments.

In a PR system, each group can form a political party which will enjoy a share of parliamentary representation roughly equivalent to the size of the group - here, 33% each. L and M together have 66% of the votes in parliament, and can establish a government which would redistribute resources from H. They can bargain about how to distribute these resources among themselves, in the knowledge that if one group seeks an unfair advantage, the coalition would break down and both sides would lose out. As a result, redistribution is the likely outcome, since both can credibly commit to a jointly optimal strategy. In a majoritarian system, the electoral rules tend to favour two large parties (as is evident in the US and UK), not three. So, in order to act jointly to achieve redistribution, L and M must form a political party jointly. But, although L and M have a joint interest in redistribution, they have divergent interests when it comes to distributing these resources amongst themselves. The M group, in particular, may be concerned that the L group could take control of the party and redistribute not only from the H, but also from the middle. So in order to head off this possibility, M may choose instead to ally with H, and keep most of its pre-tax income for itself.

The median voter, in majoritarian systems, therefore has an incentive to *limit* redistribution, but only because the electoral rules force it to form a joint ticket with the poor through a single political party. If the risk of the poor - L - going back on their commitments to M are high, then M will opt for the H-M

coalition. In the absence of credible commitments, M opts to protect itself from exploitation by L, but gives up on the chance to exploit H with L. This theory provides a neat explanation of what has happened in the British Labour party over the last couple of decades. In the 1980s, the hard left (representing, purportedly, the Low income group) made an attempt to take control of the Labour party, offering policies which were almost equally unattractive to the middle class as to the wealthy. Although this attempt was ultimately unsuccessful, it did alienate many middle class voters. In the UK, in the absence of PR, the only realistic prospect for redistribution from the rich to the middle and poor, is the election of a Labour government. But the Labour party in the 1980s threatened to redistribute from the middle to the poor as well, and therefore a sizeable chunk of the middle classes opted for an alliance with the High income group, voting Conservative. To win back power in the 1990s Labour had to make strenuous attempts to convince Middle income voters that it would not redistribute to their disadvantage. The result: New Labour. However, New Labour's redistributive strategy was ultimately unstable, since it had to redistribute away from the middle classes to some extent, and part of this group is clearly shifting back to the Conservatives - in other words, an M-H alliance.

The logic of the Iversen/Soskice model relies on the operation of Duverger's Law (Duverger 1954), which predicts that majoritarian electoral rules produce two party systems, through the mechanical reductive effects of single member districts on the number of parties that can aspire to win representation. These reductive effects were formalized by Gary Cox (1997), who showed that in a single-member electoral district, the incentives facing voters and candidates will lead to most of the votes being cast for the two leading parties. It is this reductive effect which pushes M to choosing between LM or MH parties, rather than forming its own party. In other words, under PR parties are perfect representatives of their constituents - *representative parties* - whereas under majoritarian rules there are two *leadership* parties. In representative parties, each group's interest is faithfully represented, in leadership parties, parties represent multiple constituents: diverse interests must be aggregated, and leaders make decisions on how to distribute resources

between these interests. This generates a problem of platform commitment under majoritarianism which hinders joint action between L and M.

If platform commitment problems limit redistribution, and these problems stem from the reductive effect of majoritarian electoral rules, the ways in which electoral rules affect electoral mobilization are crucial to the argument. However, the relationship between majoritarianism and the two party system is only clear at the district level (Cox 1997, Chhibber and Kollman 2004). Duverger's Law – that single-member electoral districts using the plurality rule will bring a two-party system at the national level – lacks adequate theoretical foundations, even though it is widely observed empirically (Sartori 1986). In other words, the main theoretical contribution holding together the Meltzer/Richard model lacks any spatial or territorial component, and assumes away the problem of organization at the party system level. The next section considers how space and territory affect class mobilization as district level dynamics feed into state level politics.

Territory and Redistribution: Cleavages, Institutions and Party Systems

If the logic of electoral competition applies only at the level of the electoral district, then the results of both Meltzer/Richard and Iversen/Soskice change a good deal. Redistributive coalitions can be constructed at the district level, but how relevant are they for policy outcomes if they need to negotiate with dozens or hundreds of other such coalitions? Moreover, to the extent that these coalitions would achieve anything, what is to say that they would focus on functional, cross-class redistribution, rather than simply securing advantages for their districts (Beramendi 2007)? These questions are resolved in part by the existence of political parties which unite redistributive coalitions across space, and indeed time. How we understand the emergence of political parties makes a difference to how we understand the effects of changing institutions on redistribution.

There are two broad approaches to explaining party formation. One strand of the literature focuses on institutional structures and the incentives and

constraints they present elected politicians with. In this approach the party politicians are exogenous and come together in the parliamentary institutions, in need of some form of coordination to achieve their aims (Laver 1993, Aldrich 1995). The other focuses on social structures and cleavages, and sees parties as the result of the collective action of social groups seeking political benefits, such as redistribution (Lipset and Rokkan 1967). If politicians are exogenous, then party formation becomes a function of institutional structures and the incentives they generate. In the 'endogenous' reading, political parties aggregate social interests prior to the electoral process, and the structure of social divisions and the relative capacity for collective action of different groups become the key determinants of party systems. Elected representatives are products of a process of social mobilization.

An important recent contribution to the 'institutionalist' strand is Chhibber and Kollman's book on party formation in majoritarian systems (2004), focusing on the reductive effect of majoritarian electoral systems on the number of parties in the party system, introducing the level of political decentralization as a further institutional variable affecting party fragmentation. Chhibber and Kollman contend that aggregation is driven at least in part by the territorial level at which the most important political decisions are taken: where key issues are addressed at the level of the nation-state, candidates will have a strong incentive to join together across districts forming parties which can coordinate in the national political institutions to defend the interests of their voters. If key decisions are taken at the regional level, the incentives for aggregation beyond this level diminish and parties will be more likely to remain regional in their scope. As states centralize power, regional parties will be less sustainable and national, statewide parties will tend to dominate, implying a smaller number of parties in the party system. As power is decentralized, more territorially fragmented party systems result.

This argument has a major limitation. By treating institutions as exogenous it fails properly to consider the ways in which social mobilization and party formation can shape the institutional framework. This is evident in Chhibber and Kollman's empirically dubious account of the British case, which implies that the emergence of Scottish and Welsh nationalist parties in the 1970s

was triggered by central government plans to devolve more power to local governments, rather than the more plausible conventional account that it was precisely the lack of any significant political decentralization which provoked the nationalist challenge. Moreover, by limiting observations on the effect of decentralization to the raw number of parties in the party system, Chhibber and Kollman neglect the role of diverse cleavage structures as sources of party fragmentation. The key point here is that some political cleavages are statewide in scope, whilst others promote fragmentation that has a territorial basis. Whether fragmentation is territorial in nature or not makes a big difference to how political mobilization is channeled through the electoral institutions and the degree of centralization of the state.

The classic conceptualization of the social structure of party competition comes from Lipset and Rokkan (1967) and Rokkan (1970), and identifies key social divisions emerging out of historical junctures, which become mobilized into political cleavages. Historically, the key cleavages in most western countries are class, religious (usually Catholic vs. secular), urban-rural and territorial (centre-periphery). As the Rokkanian account explains cleavages in terms of critical junctures which mostly precede democratization, institutional design cannot be the key determinant of party system outcomes. Territorial fragmentation of the party system therefore becomes a function of the strength of the centre-periphery cleavage, and, less directly, the ability of the 'functional' cleavages of class and religion to override territorial particularisms and 'nationalize' the vote (Caramani 2004). Cleavage structures first shape institutional development (Rokkan 1970, Boix 1999), then shape party systems within the resulting institutional framework. Iversen and Soskice (2009) have themselves explored the role of economic structures in shaping preferences for institutional design, implying that the role of electoral systems is more of an intervening variable than a strictly causal one in accounting for redistribution.

These two approaches imply different predictions about the ways in which territorial dynamics in the electoral process affect redistribution. The institutionalist model would predict that class mobilization, and therefore redistribution across income groups, is undermined by decentralized political institutions, since they hinder the aggregation of class interests at the state-wide

level. If incentives for aggregation are concentrated at some sub-central level, median voters will support political elites who push for redistribution to, or block redistribution from, their region, rather than redistributing across income groups within their region. Politicians in rich regions will have little incentive to cooperate with politicians in any other regions, since the decentralized institutions allow them to block threats to the status quo, which leaves them in charge of their median voters' higher pre-tax income. Under PR, distributive coalitions of L and M will be possible, but they will only be able to secure redistribution within their territories, which will have a more limited effect on overall income inequalities. This reinforces some of the other noted anti-redistributive effects of decentralization (Oates 1999). However, the extent to which L-M coalitions demand redistribution across territories will affect the territorial shape of the institutions.

The sociological/structural approach would imply that the strength of the state-wide workers movement versus territorially-oriented movements is the key factor determining party system simplification and social majorities for cross-class redistribution (Bartolini 2000). This works two ways: first it facilitates the adoption of PR, to the extent that strong workers movements encourage conservative forces to be risk-averse in their choices of institutional design; second strong workers movements are able to overcome territorial particularisms and mobilize functional cleavages, aggregating L and M votes across the state. The degree of 'nationalization' (Caramani 2004) of electoral politics is a measure of the success of parties at mobilizing functional cleavages (class and religion). Centralized political institutions facilitate this, whilst decentralized institutions help territorially particularist forces to survive. But this Rokkanian approach treats the cleavages as exogenous: they can survive even in an institutionally hostile environment.

We can bring these two perspectives together to draw some broad implications about the interaction between electoral and territorial institutions, political parties and redistribution. The logic of the Iversen/Soskice model is that L-M coalitions require institutions favouring credible commitments to cooperation. At the district level, this implies PR, allowing L and M to vote for different parties, which have some 'blackmail potential' to head off defection. At

the state level, the same logic applies, since the representatives of L and M in the different territories would still have an incentive to cooperate to secure redistribution of statewide scope. However, this coalition would require representatives of M in rich territories to follow policies which would ultimately cause net losses to the territory as a unit. In conditions of federalism or some form of fiscal decentralization, this could be blocked by majorities of H and M if statewide parties were unable to convince median voters of the net gains to M of redistributive policies. The presence of regional parties, usually linked to some degree of ethnic fragmentation, would increase the chances of the L-M coalition breaking down across territories.

Under majoritarian rules with centralized fiscal policy, L-M coalitions are likely to prosper in poorer regions, and M-H coalitions in richer regions, since the redistributive interests of the majority in these kinds of regions are close enough to overcome commitment problems. The key determinant of policy would therefore be the status of the median voter in the median region: if this voter would be a clear beneficiary of redistribution at the statewide level, then a statewide LM coalition would be viable. However, the majoritarian logic of a centralized state with a two-party system creates its own commitment issues: this logic implies that the 'winner takes all', and therefore median voters (in both income and territorial terms) may fear that if the redistribution of the L-M inter-territorial coalition favours L more than M, there is no institutional mechanism to recover. In other words, the majoritarian logic has similar risks in territorial terms, since parties are 'leadership parties' and still have to work out the inter-territorial tensions within the party structures, with no guarantee that the interests of median voters will be protected.

In a decentralized policy, commitment problems would also be significant, since regional institutions would have the option of vetoing redistribution, and the richer regions would likely do so, facing M in the median region with the burden of redistribution to L in the poorer regions. The degree of inter-regional inequality, and the territorial shape of the state, are therefore key determinants. Under PR, L-M coalitions would face fewer commitment problems at the district level, but if this level has no say in redistribution, then the success of the coalition in securing gains for L and M depends on whether key fiscal decisions

are taken at centralized or decentralized levels. To complicate matters, levels of centralization, unlike electoral systems which are rarely modified, are subject to public policy interventions, and are likely to reflect the nature of dominant distributive coalitions.

Also important are the kinds of social structural conditions in which parties are formed. The presence of deep rooted ethnic/cultural differences within the state will hinder the formation of L-M coalitions, as will the mobilization of the religious, and potentially the urban-rural, cleavages. Ethnic fragmentation and religiosity – particularly a strong Catholic culture opposed to secularizing liberal forces – will cut across the income dimension, creating cross-class coalitions. This introduces two factors we should be looking for in assessing the territorial dimension of distributive coalitions. First, L-M coalitions may be strongly mobilized in some areas, more weakly in others, because the presence of counter-vailing cleavages. Second, the parties representing the various coalitions of income groups are differentially well organized in different territories, so that some regions that constitute party ‘heartlands’ gain preferential treatment. Conversely, pivotal regions may gain advantages due to their competitive importance for winning statewide majorities for distributive coalitions.

This does not amount to a clear set of predictions, but we have identified some of the mechanisms that need to work for redistributive coalitions to be formed not only at the electoral district level, but at the level of the relevant political institutions. Now we turn to an assessment of the empirical record to see if any of these theoretical considerations appear relevant in real historical cases. The next section traces the development of distributive politics in two unitary states which have undergone processes of decentralization. The aim is to observe whether the dynamics theorized above can be observed to any relevant extent in these cases.

Class, Territory and Redistribution in the United Kingdom and Spain

United Kingdom: The Westminster Model

The UK is a longstanding majoritarian democracy, with centralized institutions and little tradition of power-sharing (described by Lijphart as the 'Westminster Model')². Its 'First Past the Post' electoral system and stable two-party system (Liberals/Whigs and Conservatives/Tories until the First World War, Labour and Conservatives since) was, along with the United States, one of the main historical inspirations for Duverger's Law. It has also tended to be amongst the more centralized western democracies, notwithstanding the distinct legal institutions in Scotland and the long period of devolution in Northern Ireland (1921-72). Unlike many European countries, the religious cleavage has had limited salience in the modern period, and instead the class cleavage has dominated (Butler and Stokes 1974, Heath, Jowell and Curtice 1991). The territorial cleavage has not always been mobilized, but the existence of distinct national identities in the UK is a historical constant. How have these institutions and structural features influenced the formation of distributive coalitions?

For most of the post-war period (1945-74), the class cleavage dominated: Labour and Conservatives won the majority of votes and the vast majority of parliamentary seats, and their support was strongly based on class identification (Butler and Stokes 1974). In this period, the territorial cleavage was mobilized only weakly (leaving aside Northern Ireland, whose party system was qualitatively separate and quantitatively unimportant): Scottish and Welsh nationalist parties existed but did not win representation until 1974. Butler and Stokes found territory reinforced class mobilization (working class voters were stronger Labour supporters in the industrial regions than in the South), but this was in large part a further manifestation of the functional socio-economic division. Labour was the strongest party in Wales, and after the mid-1950s in Scotland (before that, the Conservatives were competitive; see Figure One). The Labour Party constructed a relatively centralized organization in this period, with little autonomy to regional branches; moreover the party's external support was based around the trade union movement, which was also relatively

'nationalized'. The problem of credible commitments across territories was not serious enough to hinder statewide mobilization of the working class; the Conservative party, although it also enjoyed substantial support throughout the UK, was more loosely organized and less centralized. This same period saw the construction and consolidation of the British welfare state, with increases in redistributive spending and relatively low levels of income inequality (similar to Germany). The British welfare state developed on quite centralized lines, and levels of fiscal centralization were very high, although this did not imply uniformity in welfare provision (McEwen 2002, Wincott 2006).

A second period can be identified, in which territorial politics reemerges, yet decentralization is resisted (1974-1997). The rapid growth in electoral support of the Scottish and Welsh nationalists in the first 1974 election, and the historically weak performance of the two main statewide parties (less than 40% of the vote each), introduced a new cleavage and undermined the established two party, two class politics. The institutionalist approach offers little traction in explaining this change: the electoral rules were constant, and there was no change to the level of centralization of decision-making which can account for the surge in nationalist support³. What happened instead was the mobilization of a pre-existing, exogenously given ethnoregional cleavage, influenced by other external factors such as the Troubles in Northern Ireland and the discovery of North Sea oilfields (most of which were located off the Scottish coast). This quickly brought about a commitment to devolution from the Labour party, and a fiscal settlement favourable to Scotland (the Barnett formula) brokered by a Labour government with a weak parliamentary position.

In this period the relative salience of the territorial and socioeconomic dimensions of party competition change markedly. Class voting, on most measures, consistently declined from the 1970s on (Crewe and Sarlvik 1983, Evans 2000; for a contrary though not widely shared view Heath, Jowell and Curtice 1985), and the working class shrunk in size. In contrast, the territorial divide became more salient: not only did nationalist parties entrench themselves in Scotland and Wales, but support for Labour and the Conservatives became more regionally differentiated, controlling for social class (Johnston and Pattie 2006). This indicates a failure on Labour's part to convince working and middle

class voters in the prosperous South of England that they would benefit from Labour's proposed redistributive strategy. The Labour 'heartlands' of South Wales, Northern England and the West of Scotland have long provided a large proportion of party decision-makers, and its highly centralized internal organization offered little reassurance for Southern English median voters. This period saw the collapse in Labour support, and two decades of Conservative government which, as is well known, dismantled part of the redistributive apparatus of the post-war welfare state, building on its high vote share in the prosperous South of England.

The final period sees the election of a Labour government committed to increased redistribution *and* decentralization, initially to Scotland and Wales, and prospectively within England too. The long-term effects of this institutional change are perhaps not yet visible, but in the short run decentralization coincided with increased public expenditure from the Labour government at the UK level. Electorally, Figure Two shows that Labour's vote in 2005 was more uniform across territories than in the rest of the post-war period, suggesting successful mobilization of the L-M coalition across territories. If this were to persist, it would be consistent with decentralization acting as a commitment mechanism, since Scottish and Welsh voters could interpret the presence of devolved institutions as a kind of 'insurance' against unfavourable redistributive settlements.

In sum the British case suggests some connection between welfare state expansion and class voting in the pre-1974 period, and between welfare state contraction and the growth in territorial voting after 1974. In a centralized majoritarian state, L-M coalitions can break down across territories if parties cannot credibly commit to defending the interests of M voters in richer regions. There is very tentative and maybe premature evidence that decentralization could act as a reinforcing commitment mechanism if the leadership parties are perceived as organizationally biased in favour of poorer regions. The strength of party leadership – reinforced in the UK case by the majoritarian institutions of the Westminster Model – enhance leadership control and permit the different interests of different territorial branches of the party to be reconciled. The dominance within the party structures of party heartlands such as Wales and

Scotland facilitate party commitment to policies and institutions which are consistent with both statewide redistribution and decentralization.

Spain

The democratization of Spain in the 1970s also involved a process of profound decentralization, which responded to powerful centrifugal forces that had developed under the prior authoritarian regime. Again therefore, the presence of ethnoregional divides are in large part exogenous to the institutionalization of a decentralized democracy. The strength of nationalist movements in the Basque Country and Catalonia, and to a lesser extent Galicia and Andalusia, grew in the final stages of Francoism, but was historically rooted. The Spanish case also presents interesting evidence on the dynamics of rapid growth in redistributive institutions, since public spending grew from a very low level in 1975 to close to the European average by the 1990s.

The Spanish electoral system is a form of PR, but with powerful majoritarian 'correctives' (Hopkin 2005), most importantly the low district magnitude for all but a handful of provinces⁴. This means that in a large proportion of districts only two parties have a realistic prospect of election. As a result, a two party system has developed at the statewide level, with minor statewide parties being gradually eliminated⁵. This two-party system operates along the traditional left-right dimension, although both the class and the religious cleavages are present, complicating class mobilization somewhat. Alongside this two-party system, non-statewide parties win substantial representation in a number of regions, chiefly (in quantitative terms) the Basque Country and Catalonia. The electoral system was designed to reduce party system fragmentation, but the majoritarian correctives only operate effectively at the statewide level, demonstrating empirically the importance of the link between district level and state level party system dynamics.

L-M coalitions have consistently prospered in Spain, particularly since the collapse of the centrist party UCD in 1982. The Socialist party (PSOE) has governed (usually with outside parliamentary support) from 1982-1996 and 2004 until today. The PSOE does not receive disproportionate support from the

larger districts, suggesting that the majoritarian dynamics present in many Spanish provinces are not a significant hindrance to L-M coalition formation. The significance of the religious cleavage is a greater threat to this coalition; religion is a strong predictor of the vote in Spain, despite a long process of secularization (Calvo and Montero 2000). However class voting is also strong, according to some estimates (Gunther and Montero 1994, Torcal 1997), so the class mobilization model we are drawing on here is applicable to the Spanish case.

One of the key features of the territorial cleavage in Spain is that it has been mobilized by parties of the centre and right more than the left. This imbalances the statewide party competition in favour of the left, in that the MH coalitions formed in the Basque Country and Catalonia are divided from the MH coalitions formed in the rest of Spain by the territorial issue, which provokes high levels of political tension. The Spanish right, represented by the Popular Party (PP), has its roots in the quite aggressive centralism of the Franco regime, and although democratization has softened this ideological stance, the opposition to nationalist movements in Spain's regions remains strong. The centre-right parties have enjoyed periods of cooperation at the level of the central state, in which distributive agreements were reached (particularly 1996-2000), but the solid presence of parties such as *Convergència i Unió* and the Basque Nationalist Party (PNV) prevents an LM coalition being formed as a single party.

This dynamic plays out differently on the left, due to an interesting organizational arrangement developed, not entirely by design, during the transition period. In Catalonia, the socialist political space was contested by three different parties, one of which was the regional branch of the statewide PSOE, the other two autonomous organizations with a commitment to Catalan national identity and autonomy. Faced with the need to create a joint list in order to maximize socialist representation in the first democratic elections, the three parties united to form a Catalan Socialist Party (*Partit dels Socialistes de Catalunya – PSE*), which is separate and organizationally autonomous from the PSOE, but federated with it (Roller and van Houten 2003). In the Basque Country, the PSOE mobilized the working class base more easily, given its historic opposition to Basque nationalism.

The pressure from nationalist parties has contributed to a steady push towards greater decentralization over the democratic period, with Spain increasing the autonomy of regional authorities consistently over the period (see the data in Hooghe, Schakel and Marks 2008). Redistributive spending also steadily grew during this period, a logical consequence of a long period of centrist and then socialist government (1977-96), and Spain's historically low levels of social expenditure. In fact, notwithstanding the exceptional fiscal status of the Basque Country and the decentralization of some income tax since the 1990s, the Spanish social security system remains largely centralized, and central governments remain dominated by statewide parties – the PSOE and PP, although often governments have required external parliamentary support from nationalist parties.

Ironically, in view of the theories of decentralization being assessed here, in Spain it is the PP which is most hostile to further autonomy to regional authorities, whereas the PSOE has a more nuanced position. The PSOE's regional structures have different positions according to their regions' economic development: leaderships in poorer regions such as Andalusia, Extremadura and Castile-La Mancha are unenthusiastic about further decentralization, whilst the PSC has in recent years adopted an openly pro-federalist position, partly in response to internal competition within Catalunya with nationalist parties on both its right and left. However these tensions have been managed through the exercising of strong, occasionally almost 'authoritarian' leadership by the PSOE central office (under González and Zapatero particularly). The organizational structure of the party, in which the leadership is reinforced by institutional features of the Spanish state such as the 'presidentialist' Prime Ministerial office (van Biezen and Hopkin 2005) and the 'closed list' PR used for parliamentary elections, is therefore fundamental in allowing intra-party tensions over inter-regional redistribution to be resolved. This permits the PSOE to follow a classic redistributionalist strategy based on the extension of the welfare state, accompanied by some more ad hoc measures to redistribute to party heartlands (such as the notorious Plan de Empleo Rural). The relative poverty of the regions governed stably by the PSOE enhances the party's commitment to redistribution, since the regional party leaders ('barons') clearly benefit from it.

Conclusion

These brief vignettes do not test any theoretical proposition, but do demonstrate the importance of party organizational structures and party system dynamics within the redistributive game. Existing literatures focus on electoral systems or the territorial institutions of the state in their explanations of redistribution, but what is missing from these analyses is exactly how coalitions are formed, organized and maintained (or not). The key to understanding this process is the analysis of political parties.

In the UK and Spanish cases studied here, parties of the left managed to coordinate L-M coalitions across the state territory to some degree, and this does not appear to have been affected much by the territorial structure of the state. These parties organized in a statewide fashion both before and after decentralization, and the presence of non-statewide forces contesting the L-M vote cannot be plausibly ascribed to the decentralization process itself. Instead, the presence of regional parties is given by the presence of real ethnic-territorial fractures rooted in historical processes, and the ability of political entrepreneurs to mobilize around these fractures.

One conclusion to be drawn from the UK and Spanish cases is that the degree of centralization of decision-making within political parties in territorially divided states proves important in determining how successfully inter-territorial tensions within parties can be managed. This is in itself a function in part of the design of the state institutions: both UK and Spain have strong executives, alongside increasing levels of decentralization in some key policy areas. Ultimately, the way in which state institutions facilitate the organization of structured political parties can be as important as the degree of autonomy afforded to sub-national representative institutions.

Notes

¹ Not, though, a statistically significant one (Pearson's r for logged district magnitude and inequality is $-.348$, $p = 0.76$)

² The possibility of a 'hung parliament' resulting from the 2010 elections may necessitate post-hoc revision of this point!

³ Chhibber and Kollman's interpretation of the British case overplays the importance of relatively minor local government reorganization (see Hopkin 2009).

⁴ The electoral district is the province, and many provinces have small populations, implying small seat shares (often as low as 3-4).

⁵ The main exception is the radical left alliance Izquierda Unida, which remains electable in Madrid and Barcelona, the two largest districts.

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Table One: Political Institutions and Inequality: Some Data

Country	Gini mid-2000s	Electoral Rules	District Magnitude	Federalism	Regional Authority	Ethnic frag.	Regional party	Population (thousands)
Denmark	0.232	PR	10.5	Unitary	4.30	0.049	No	5416
Sweden	0.234	PR	13.9	Unitary	11.30	0.189	No	9030
Luxembourg	0.260	PR	16.0	Unitary	0.00	0.298	No	457
Austria	0.265	PR	20.3	Federal	17.50	0.128	No	8233
Finland	0.269	PR	14.2	Unitary	2.60	0.148	No	5246
Netherlands	0.271	PR	150	Unitary	13.70	0.113	No	16321
Belgium	0.275	PR	7.5	Federal	22.50	0.544	Yes	10479
Norway	0.276	PR	10.0	Unitary	7.30	0.045	No	4623
Switzerland	0.276	PR	9.1	Federal	19.50	0.560	No	7437
Iceland	0.280	PR	7.9	Unitary	0.00	0.028	No	296
France	0.281	MAJ	1	Unitary	8.00	0.147	No	60873
Germany	0.298	PR	11.2	Federal	29.10	0.123	No	82469
Australia	0.300	MAJ	1	Federal	18.30	0.315	No	20340
Spain	0.319	PR	6.9	Unitary**	20.30	0.436	Yes	43210
Canada	0.320	MAJ	1	Federal	22.60	0.767	Yes	32299
Japan	0.320	MAJ	1	Unitary	8.20	0.034	No	127757
Greece	0.321	PR	5.0	Unitary	3.00	0.099	No	11104
Ireland	0.328	PR	4.0	Unitary	1.50	0.072	No	4131
United Kingdom	0.335	MAJ	1	Unitary	9.10	0.373	Yes	60210
N. Zealand	0.340	MAJ*	1*	Unitary	2.70	0.196	No	4099
Italy	0.352	PR*	20.0*	Unitary	14.00	0.080	Yes	58597
USA	0.380	MAJ	1	Federal	22.90	0.583	No	296940
Portugal	0.385	PR	10.5	Unitary	3.50	0.010	No	10549

* Dominant post-war system ** borderline

Figure One

Conservative Vote Share (%) in UK Territories 1950-2005

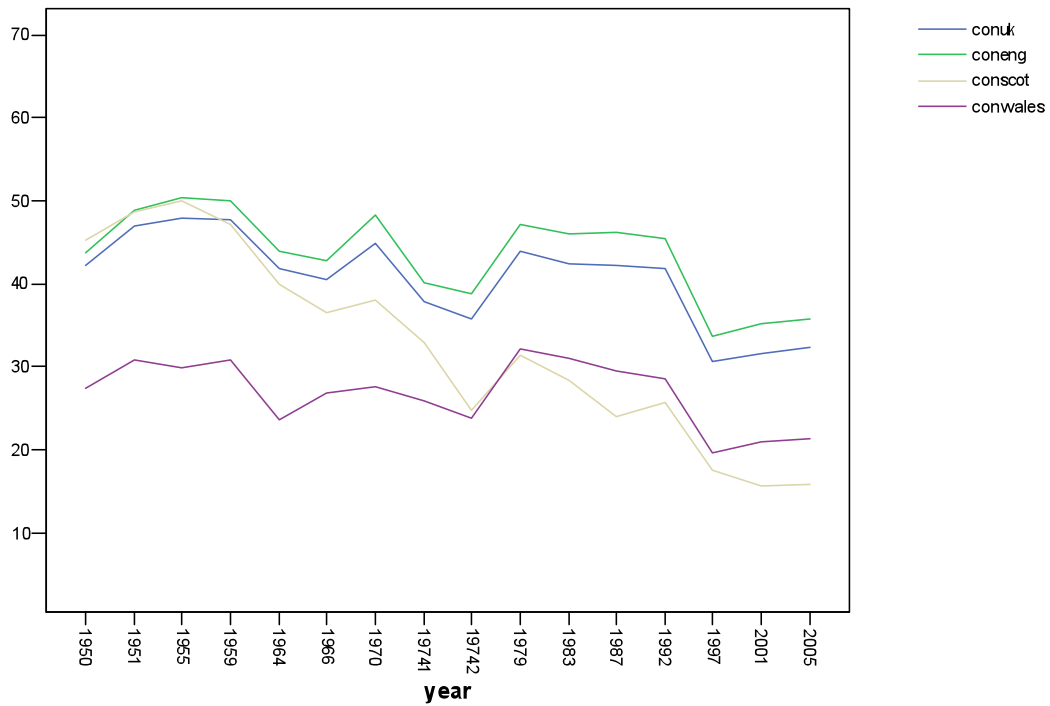


Figure Two

Labour Vote Share (%) in UK Territories 1950-2005

